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STATE FOR SA/INS AND DS/IP/NEA
STATE ALSO PLEASE PASS USAID/DCHA/OFDA
STATE ALSO PLEASE PASS PEACE CORPS HQ
STATE ALSO PLEASE PASS EU COLLECTIVE
USAID FOR ANE/AA GORDON WEST AND JIM BEVER
MANILA FOR USAID/DCHA/OFDA
LONDON FOR POL/GURNEY
TREASURY FOR GENERAL COUNSEL/DAUFHAUSER AND DAS JZARATE
TREASURY ALSO FOR OFAC/RNEWCOMB AND TASK FORCE ON TERRORIST
FINANCING
JUSTICE FOR OFFICE OF THE DEPUTY ATTORNEY GENERAL/DLAUFMAN
NSC FOR DORMANDY
SECDEF FOR OSD/ISA ALVERSON

E.O. 12958: N/A

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SUBJECT: UPDATE ON NEPAL'S MAOIST INSURGENCY, AUGUST 7-
AUGUST 13, 2004

SUMMARY

1. A five-member high-level peace committee headed by Prime Minister Sher Deuba was formed on August 12 to establish a peace secretariat. The Royal Nepal Army (RNA) launched raids in the far-western district of Achham on August 10 and 11. President of All Nepal National Independent Students' Union, a Maoist affiliated student wing, said that they would wage a final battle if the government fails to hold talks with the Maoists. GON has made adequate arrangements to thwart an economic blockade by the rebels in Kathmandu Valley rumored to start August 18, but the Maoists have said that the economic embargo was just a rumor. All Nepal Trade Union Federation, affiliated to the CPN (Maoist), demanded that dozens of industries shut down. The European Union Presidency called for a renewed ceasefire and expressed particular concern about Maoist violence. The Maoist rebels continued to attack infrastructure. Maoists attacked a hospital in the mid-western district of Dang. The rebels looted a UN vehicle in Sunsari District. Security forces reportedly killed 31 Maoists this week. Maoist attacks left seven security personnel and six civilians dead. End Summary.

PRIME MINISTER TO HEAD PEACE COMMITTEE

2. The much-awaited high level peace committee headed by Prime Minister Sher Bahadur Deuba was formed on August 12. Leaders of all the coalition partners- CPN -UML General Secretary Madhav Kumar Nepal, President of Nepal Sadbhavana

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Party and Minister for Forest and Soil Conservation Badri Mandal, President of Rastriya Prajatantra Party Pashupati Shumsher Rana and Minister for Information and Communications Mohammad Mohsin are members. The spokesperson of GON, Mohammad Mohsin, told the reporters that the committee would hold meetings to come up with the modus operandi of how it ought to go ahead to make the peace process result-oriented. He added that it would also expedite all work to institute the peace secretariat, which would be formed in the coming week.

MAOISTS TO TARGET EASTERN DISTRICT HEADQUARTERS

3. The Maoist chief of Information and Publication Section of the eastern district of Sunsari on August 7 informed the media persons about a plan to launch a major attack in one of the headquarters of the hilly districts of the eastern region of Nepal within a month. The Maoist leader also claimed that the impending attack would be a next big hit after the Bhojpur incident, which took place on March 2. The Maoist leader also informed the media people of forming a district people's government in foreseeable future, and that central level leaders have already arrived in Sunsari District.

ARMY RAIDS MAOISTS' HIDEOUTS IN ACHHAM

4. The Royal Nepal Army (RNA) launched raids in a remote mountainous district of Achham, about 600 kilometers west of Kathmandu, on August 10 and 11. Colonel Yagya Bahadur Rajaure of the RNA's Western Division Headquarters in Nepalgunj told the reporters that the army received information that top rebel leaders were gathering in the district for a rally. Hundreds of RNA troops raided Kamal

Bazaar and Binayak area of Achham District. The RNA decided to go on the offensive against the Maoists after learning about Maoists using ultra modern weapons at Binayak, and that thousands of rebels had gathered there for a big assembly planned for August 11. A senior RNA official told The Rising Nepal, a state-run newspaper, on August 11 that no clash had taken place so far and the people were safe.

MAOIST STUDENT LEADER TALKS OF DECISIVE WAR

15. President of All Nepal National Independent Students' Union-Revolutionary (ANNISU-R), Lekhnath Neupane, said in a press conference in the central district of Makwanpur that if the government does not come to talks without conditions accepting the demands of the insurgents, then they would wage a final battle against the government and the RNA. Neupane added that they were setting up a brigade to reinforce the activities in the "Ring Area" surrounding Kathmandu Valley.

16. The press statement issued by the Ministry of Education and Sports on August 11 has invited All Nepal National Independent Students' Union-Revolutionary (ANNISU-R) for a dialogue to find a lasting solution to all educational problems. The Ministry statement has also called on the Maoist students to stop violence in educational institutions, and stop abduction of teachers and students.

GOVERNMENT READY TO TACKLE MAOIST EMBARGO, IF IT HAPPENS

17. The Maoists' Nuwakot-Rasuwa-Sindhupalchok Unified District Committee stated in a press release that they would block all the entry points leading to Kathmandu Valley starting August 18 for a period of three weeks, and not allow any vehicle to operate on roads leading to Kathmandu. The Home Ministry spokesperson Gopendra Bahadur Pandey told the media on August 11 that the government had made "adequate" and "reliable" security arrangements to thwart the three-week economic embargo called by the Maoists. However, on August 12, the Maoists denied reports published in different newspapers regarding an "indefinite blockade" called by them from August 18. The Maoists' district people's committees of Dhading, Rasuwa and Nuwakot issued a press statement saying they have not called a blockade in those districts, and have appealed to civilians not to get terrified by such propaganda.

MAOISTS DEMAND INDUSTRIES CLOSE

18. All Nepal Trade Union Federation (ANTUF), affiliated to the CPN (Maoist), releasing a press statement on August 11, demanded dozens of industries including Hotel Soaltee, Surya Nepal Private Limited, and Bottlers Nepal to shut down from August 17 for a an indefinite period or else the plant and safety of the workers would be at risk. The press release alleged that these industries are engaged in exploiting the workers and spying on them. The threats are also connected to some of the companies' non-payment of extortion demands.

19. The district committee of ANTUF has demanded through a press release that Surya Nepal Limited based in Bara District in central Terai shut down as of August 17. Saying that the ownership of Surya Nepal Limited, a tobacco company, lies with the main person of the present establishment, ANTUF alleged that Surya Nepal has discriminated and exploited the workers, and are constantly against the "Peoples' War" launched by the CPN (Maoist). The press release also requested that the employees and workers make an alternative arrangement. In response to the Maoist press release, Nepal Independent Laborers' Union (NILU), the official trade union of Surya Nepal Limited, appealed to the Maoists through a press statement to withdraw their demand of an indefinite strike, as it would directly affect the lives of more than 500 employees whose monthly wages are their only source of income. Also the workers of Bottlers Nepal Limited appealed to ANTUF to call off the indefinite closure of factories beginning on August 17.

EUROPEAN UNION CALLS FOR CEASEFIRE

10. The Presidency of the European Union (EU) has called on the conflicting parties, including the Maoists, to declare a ceasefire as soon as possible and create a climate for a meaningful and lasting peace process. A press statement issued by the Royal Danish Embassy on behalf of EU in Kathmandu on August 10 said the EU was ready to support the government to create environment for peace talks. The EU has also called on all the conflicting parties to respect human rights, and have appealed to the Maoists to immediately stop terrorist attacks, the use of child soldiers, abduction and forced indoctrination, extortion and violent activities.

MAOISTS ATTACK INFRASTRUCTURE

11. The Maoist rebels reportedly bombed a minor customs office at Mathiya Village Development Committee (VDC) in the central district of Rautahat on August 8. The insurgents also exploded a bomb in the office of the Simrik Air causing minor damage to windows, doors and walls. In yet another incident, a group of Maoists detonated bombs inside two civilian houses in Rupandehi District on August 9. The rebels dragged all the people out of the houses before exploding pressure cooker bombs. The rebels also detonated a powerful bomb inside the house of Bijay Raj Bhattarai, Secretary at the Ministry of Land Reforms, in Chitwan

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District on August 10. The rebels set ablaze a vehicle of National Bardiya Park in the mid-western district of Bardiya on August 11.

MAOISTS OPEN FIRE INSIDE HOSPITAL

12. The Maoist insurgents reportedly attacked the Mahendra Hospital in the mid-western district of Dang on August 10. Bullets shattered the hospital's windows; hit the emergency room and maternity ward, forcing everyone there to run for cover. The shooting occurred when a police officer went to pick up sick personnel in the hospital. The Maoists fired shots that triggered the exchange of fire. No human casualty has been reported.

MAOISTS LOOT UN VEHICLE

13. The Maoist rebels looted a motorcycle belonging to the UN and abducted a UN staff, who was riding the motorbike in Sunsari District on August 3. The UN staff was released on the same day. In yet another incident, the insurgents seized a camera and notebook of a journalist in Dailekh District on August 9.

DEATH TOLL CONTINUES TO RISE

14. Seven security personnel reportedly died in Maoist-related violence this week:

- Assistant Sub-Inspector of police was shot dead by the insurgents in Parsa District on August 11.
- A security personnel was killed in crossfire in Panchthar District on August 9.
- The Maoists killed two security personnel after abducting them in Kapilbastu District on August 9.
- Rebels shot and killed one Royal Nepal Army (RNA) soldier and injured two others in the mid-western district of Surkhet August 8.
- A police personnel was killed in Panchthar District on August 8.
- Five security personnel were injured in a Maoist attack in Jumla District, and another in Chitwan District on August 8.
- The rebels abducted and then shot dead one RNA soldier in Dhankuta District on August 6.

15. Security forces reportedly killed thirty-one Maoists this week:

- two Maoists were killed by the security forces in Bara District on August 11.
- five rebels were killed in the far-western district of Bajura on August 10.
- two Maoists were shot dead in Tehrathum District on August 9.
- one Maoist was killed in the eastern district of Panchthar on August 9.
- one each in Kailali and Siraha on August 8.
- two in Humla District on August 7.
- six rebels were shot dead in Jumla District on August 8.
- two were killed in Dhanusa District on August 6.
- one each died in Dhankuta and Siraha on August 7.
- two Maoists died while setting up a landmine in Nuwakot District on August 6.
- two rebels were shot dead in the western district of Baglung on August 4.
- one each in Sunsari and Udayapur on August 6.
- one in Sarlahi on August 5.

16. According to local press reports, Maoists claimed the lives of six civilians this week:

- Former District Development Committee (DDC) Chairman of Kailali District was severely injured in a Maoist attack on August 12.
- Two civilians were killed in a stray bomb explosion in Dhading District on August 11.
- One civilian was killed in Dailekh District on August 10.
- One civilian was injured in a Maoist-laid mine explosion

in Chitwan District on August 9.
-- A 15-year-old boy was abducted and killed by the Maoists
on August 7.
-- A driver of a passenger bus was killed when the rebels
detonated a bomb inside the bus in Kailali District on
August 11.
-- One civilian was shot dead in Pokhara, Kaski, on August
11.

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